

Message Text

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ACTION EUR-12

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USMISSION GENEVA
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E.O. 11652: N/A
TAGS: ETRD, OECD
SUBJECT: OECD TRADE COMMITTEE MARCH 22

1. SUMMARY: TRADE COMMITTEE MEETING MARCH 22 WAS
DEVOTED ALMOST ENTIRELY TO QUESTION OF TRADE PLEDGE.
DISCUSSION REVEALED THAT LARGE MAJORITY OF OECD MEMBERS
TEND TO FAVOR RENEWAL OF PLEDGE AS IT STANDS, ALTHOUGH
SOME BELIEVE UPDATING OF COMMENTS OR CREATION OF SUITABLE
CONTEXT VIA COMMUNIQUE LANGUAGE IS NECESSARY. US AND
NEW ZEALAND FAVORED FURTHER EXPLORING OPTIONS FOR NEW
EXPRESSION OF POLITICAL COMMITMENT EMBODIED IN PLEDGE.
US DEL OUTLINED BRIEFLY WHAT THE CONTENT OF SUCH AN
APPROACH MIGHT BE, WITHOUT HOWEVER EVOKING MUCH INTEREST
BY OTHER DELS. TC AGREED TO MEET AGAIN IN LATE MAY TO
FORMULATE RECOMMENDATION ON TRADE PLEDGE TO THE COUNCIL,
AND IN MEANTIME, CHAIRMAN STEEG WILL CONSULT WITH
DELEGATIONS ABOUT HOW TO PREPARE FOR THIS MEETING.
DISCUSSION OF OTHER AGENDA ITEMS WAS BRIEF AND IT WAS
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AGREED TO CONTINUE EXISTING PROGRAMS OF WORK ON EAST-
WEST TRADE AND SPECIAL AND DIFFERENTIAL TREATMENT. END
SUMMARY.

2. TRADE PLEDGE: GROUP'S DISCUSSION REVOLVED AROUND
TWO OPTIONS -- RENEWAL OR REPLACEMENT -- POSED BY
CHAIRMAN. EC COMMISSION REP (PHAN VAN PHI), SPEAKING

FOR ALL OF NINE, SAID EC'S CONCLUSION WAS THAT NEGOTIATING ANY NEW TEXT WOULD BE EXTREMELY DIFFICULT AND THAT FURTHER REFINEMENTS, SAY IN SECTORAL AREA, WERE PROBABLY NOT REALLY POSSIBLE. THUS RENEWAL OF EXISTING PLEDGE HAD MAXIMUM CHANCE OF BEING CONSIDERED POSITIVE STEP AT THIS TIME. EC THOUGHT ANNUAL RENEWAL PROCESS, RATHER THAN REDUCING CREDIBILITY OF PLEDGE, SERVED USEFUL PURPOSE BY FOCUSING GOVERNMENTS' ATTENTION ON CONTINUING NEED FOR TRADE POLICY DISCIPLINE. US DEL INDICATED US WAS STILL OPEN MINDED WITH RESPECT TO FORM OF MAINTAINING POLITICAL COMMITMENT EMBODIED IN PLEDGE, AND THOUGHT GROUP SHOULD MAKE EFFORT TO LOOK AT WEAKNESSES OF EXISTING INSTRUMENT AND CONSIDER HOW IT COULD BE STRENGTHENED AND MADE MORE POSITIVE IN SPIRIT. HE OUTLINED US PRELIMINARY THINKING ON NUMBER OF WAYS PLEDGE COULD BE IMPROVED: 1) SHIFTING ITS RATIONALE FROM RESPONSE TO ECONOMIC EMERGENCY TO THE GENERAL RECOGNITION OF INTERDEPENDENCE AND THE BENEFITS OF AN OPEN TRADING SYSTEM; 2) STRESSING THE SUPPORTIVE ROLE OF THE PLEDGE'S POLITICAL COMMITMENTS IN RELATION TO THE LEGAL OBLIGATIONS OF THE GATT AND IMF; 3) INCLUDING IN THE SUBSTANTIVE PROVISIONS AN EXPRESSION OF SUPPORT FOR CONTINUED TRADE LIBERALIZATION, A PLEDGE TO AVOID FORMAL AND INFORMAL RESTRICTIONS OF A GENERAL OR SPECIFIC NATURE AND TO MINIMIZE ADVERSE EFFECTS ON OTHER COUNTRIES WHEN CRITICAL CIRCUMSTANCES DICTATED RESTRICTIVE MEASURES; AND 4) BETTER MULTILATERAL CONSULTATIONS AND COOPERATION ON TRADE PROBLEMS WITH STRENGTHENED OECD PROCEDURES. ON LATTER POINT US DEL SUGGESTED OECD LIMITED OFFICIAL USE

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SHOULD TRY TO FORESEE SERIOUS TRADE PROBLEMS RATHER THAN JUST RAP KNUCKLES AFTER COUNTRIES HAD TAKEN ACTION.

3. ALL OTHER DELS WHO SPOKE (ONLY PORTUGAL, GREECE, AND ICELAND FAILED TO COMMENT) EXCEPT NEW ZEALAND INDICATED TENDENCY TO FAVOR SIMPLE RENEWAL OPTION. NEW ZEALAND DEL SAID IT WAS ESSENTIAL TO BRING BOP ADJUSTMENT POLICIES INTO PICTURE AND PUT FORWARD CONCEPT OF A "RESOLUTION ON ECONOMIC COOPERATION" IN WHICH THE PLEDGE COULD BE EMBEDDED. HE SAID MACRO-ECONOMIC COOPERATION ASPECT COULD NOT BE TREATED SUBORDINATELY IN THE FORM OF "COMMENTS". FINNS, MOVING AWAY FROM PREVIOUS POSITION, SAID THAT RECOGNITION OF DIFFICULTIES OF NEGOTIATING NEW TEXT MADE THEM PREPARED TO LOOK MORE CLOSELY AT THE RENEWAL OPTION AND SEEK OTHER WAYS TO CREATE APPROPRIATE CONTEXT OF ECONOMIC COOPERATION. CANADA, AUSTRALIA, AND SWEDEN, FAVORED UPDATING OR

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"REFURBISHING" THE PLEDGE VIA NEW "COMMENTS" OR VIA
COMMUNIQUE LANGUAGE, SWEDISH DEL WAS RECEPTIVE TO US
IDEAS FOR MAKING PLEDGE MORE POSITIVE, BUT SUGGESTED
THAT APPROPRIATE LANGUAGE IN COMMUNIQUE WOULD BE BEST
WAY TO ACCOMMODATE THEM. BOTH CANADA AND SWEDEN URGED
WAITING UNTIL COMPLETION OF MTN BEFORE CONSIDERING
US PROPOSALS FOR STRONGER PLEDGE. SWITZERLAND EXPRESSED
POSITIVE VIEW ON IMPROVING PROCEDURES, BUT AUSTRALIA,
CANADA, FINLAND, AND JAPAN WERE HESITANT ON THIS.

4. AT END OF DEBATE BOTH US AND EC INDICATED THEY WOULD
CONTINUE REFLECTION ON MAIN ISSUES AND THAT THEY
CONSIDERED DEBATE TO BE STILL OPEN. CHAIRMAN STEEG
SUMMARIZED THE STATE OF TC CONSENSUS AS A MAJORITY
FAVORING OR TENDING TO FAVOR RENEWAL OF PLEDGE AS IT
STANDS, WITH A FEW MEMBERS WANTING TO EXAMINE THE
POSSIBILITY OF SOMETHING NEW IN MORE DETAIL, BOTH WITH
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RESPECT TO PRESENTATION AND SUBSTANCE. SHE SAID SHE WOULD CONSULT WITH DELS ON PREPARATIONS FOR A FINAL MEETING ON THE PLEDGE IN LATE MAY.

5. EAST-WEST: US INDICATED SATISFACTION WITH PROGRESS OF WORK AND EXPRESSED HOPE THAT TC MIGHT BE IN POSITION TO HAVE MORE SUBSTANTIVE DISCUSSION AT ITS NEXT MEETING. EC COMMISSION GAVE GENERAL SUPPORT TO EFFORTS TO COLLECT DATA, EXCHANGE INFORMATION, AND AVOID DESTRUCTIVE COMPETITION, BUT CAUTIONED AGAINST TRYING TO COORDINATE POSITIONS OR HAVE SECRETARIAT INTERPRET FACTS. TC AGREED WORKING PARTY SHOULD CONTINUE WORK AS PLANNED, AND THAT MEMBER GOVERNMENTS SHOULD TRY TO RESPOND SPEEDILY TO SECRETARIAT'S INFORMATION REQUEST.

6. SPECIAL AND DIFFERENTIAL TREATMENT: NORWAY, SWEDEN, CANADA, AUSTRALIA ALL ARGUED FOR PAUSE IN WORK ON S & D TO AVOID GETTING TOO FAR AHEAD OF MTN. EC SUGGESTED FUTURE WORK SHOULD BE ORIENTED MAINLY ALONG VERTICAL LINES, I.E. GENEVA EXPERTS ON A PARTICULAR QUESTION LIKE SAFEGUARDS OR SUBSIDIES SHOULD MEET AT OECD TO EXPLORE S & D OPTIONS FOR THEIR AREA. EC WAS OPEN MINDED ON TIMING OF SUCH WORK. US AND JAPAN THOUGHT THERE WERE NUMBER OF GENERAL QUESTIONS ON WHICH GROUP COULD STILL DO USEFUL WORK. JAPANESE DEL WAS ONLY ONE TO SPEAK TO SUBSTANCE, SAYING GOJ TENDED TO FAVOR AUTONOMOUS APPROACH FOR S & D CONSISTING OF SPECIAL OR ADDITIONAL BENEFITS GIVEN TO LDC'S, BUT CONTRACTUAL APPROACH FOR CASES WHERE S & D CONSISTED OF LESSER OBLIGATIONS ON PART OF LDC'S. TC AGREED WORKING PARTY SHOULD WRAP UP WORK CURRENTLY UNDER WAY AND THAT TC WOULD TAKE UP QUESTIONS OF FUTURE WORK AND "PAUSE" DESIRED BY SOME DELS AT ITS NEXT SESSION.

7. CHANGES IN TRADE POLICY: NO DEL COMMENTED ON LIST OF RECENT NOTIFICATIONS. REPORT OF CONSULTATIONS LIMITED OFFICIAL USE

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HELD LAST YEAR ON US, CANADIAN, AND JAPANESE MEAT RESTRICTIONS ELICITED STATEMENTS OF SATISFACTION FROM THE PARTICIPANTS, ALTHOUGH NEW ZEALAND DEL SAID HIS GOVERNMENT WAS STILL CONCERNED ABOUT FACT THAT US AND CANADA HAD TO LIMIT MARKET ACCESS. US AND CANADA POINTED OUT CONNECTION BETWEEN THEIR ACTIONS AND THOSE TAKEN IN OTHER MARKETS (I.E. EC) AND NOTED UNIFIED NATURE OF WORLD MEAT MARKET.

8. GOVERNMENT PURCHASING: EC DID NOT RAISE QUESTION OF MAY MEETING OF TCWP DURING TRADE COMMITTEE OR

PRIVATELY WITH US. CANADIANS TOLD US PRIVATELY THAT THEY HAD DISCUSSED MATTER WITH PHAN VAN PHI BEFORE SESSION, AND EC INDICATED THEIR MAIN CONCERN WAS TO HAVE OPPORTUNITY TO DISCUSS CANADIAN PROPOSALS BEFORE THESE WERE TABLED IN GENEVA. CANADIANS ASSURED EC OF THEIR WILLINGNESS TO CONSULT BILATERALLY AND PHAN SAID HE WOULD NOT RAISE ISSUE OF TCWP MEETING.

9. NEXT MEETING: DATE FOR NEXT TRADE COMMITTEE WAS TENTATIVELY SET FOR MAY 23-24.
TURNER

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